

## Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name <b>Comins Township</b>	County <b>Oscoda</b>
Fiscal Year End <b>3/31/07</b>	Opinion Date <b>8/21/07</b>	Date Audit Report Submitted to State <b>9/26/07</b>	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

YES  
NO

**Check each applicable box below.** (See instructions for further detail.)

- ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
- ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
- ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
- ☒ ☐ The local unit has adopted a budget for all required funds.
- ☒ ☐ A public hearing on the budget was held in accordance with State statute.
- ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
- ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
- ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
- ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
- ☐ ☒ The local unit is free of repeated comments from previous years.
- ☒ ☐ The audit opinion is UNQUALIFIED.
- ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
- ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
- ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

<b>We have enclosed the following:</b>	Enclosed	Not Required (enter a brief justification)		
Financial Statements	<input checked="" type="checkbox"/>			
The letter of Comments and Recommendations	<input type="checkbox"/>	See Report on Internal Control with financial statements		
Other (Describe)	<input type="checkbox"/>	None required		
Certified Public Accountant (Firm Name) <b>Robertson &amp; Carpenter CPAs, P.C.</b>		Telephone Number <b>989-826-5442</b>		
Street Address <b>P.O. Box 308</b>		City <b>Mio</b>	State <b>MI</b>	Zip <b>48647</b>
Authorizing CPA Signature		Printed Name <b>Robert J. Carpenter</b>		License Number <b>1101008247</b>

**Comins Township  
Oscoda County, Michigan  
Financial Report  
With Supplemental Information  
March 31, 2007**

Comins Township

Table of Contents

	<u>Page</u>
<b>Independent Auditor's Report</b>	1-2
<b>Management's Discussion and Analysis</b>	3-8
<b>Basic Financial Statements</b>	
Government-wide Financial Statements:	
Statement of Net Assets	9
Statement of Activities	10
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	11
Statement of Revenues, Expenditures and Changes in Fund Balances	12
Fiduciary Funds:	
Statement of Net Assets	13
Notes to Financial Statements	14-22
<b>Required Supplemental Information</b>	
Budgetary Comparison Schedule - General Fund	23
Budgetary Comparison Schedule - Road Fund	24
<b>Other Supplemental Information</b>	
General Fund - Detail of Revenues - Budget and Actual	25
General Fund - Detail of Expenditures - Budget and Actual	26
Road Fund - Statement of Revenues, Expenditures and Changes in Fund Balance	27
Public Improvement Fund - Statement of Revenues, Expenditures and Changes in Fund Balance	28
Statement of Changes in Assets and Liabilities - All Agency Funds	29
<b>Appendice</b>	
Report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with <i>Government Auditing Standards</i>	30-31
Scheule of Findings and Responses	32



Robert J. Carpenter, CPA  
Rodney C. Robertson, CPA

## ROBERTSON & CARPENTER CPAs, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

P.O. Box 308 • 109 E. Tenth St. • Mio, Michigan 48647

Phone (989) 826-5442 • Fax (989) 826-3038

Other office: Rose City, Michigan

### INDEPENDENT AUDITOR'S REPORT

Township Board  
Comins Township  
Oscoda County, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Comins Township as of and for the year ended March 31, 2007, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Comins Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above, present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Comins Township as of March 31, 2007, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 21, 2007 on our consideration of Comins Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of the audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on page 3 through page 8 and pages 23-24 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Comins Township's basic financial statements. The items identified as other supplementary information; detail of General Fund revenues and expenditures, Road Fund statement of revenues, expenditures and changes in fund balance, individual non major fund financial statements and statement of changes in assets and liabilities for the Agency Fund are presented for purposes of additional analysis and are not a required part of the basic financial statements. The other supplementary information items have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Robertson & Carpenter CPAs, P.C.  
Certified Public Accountants  
August 21, 2007

## Management's Discussion and Analysis

As management of Comins Township (the "Township"), we offer readers of the Township's financial statements this narrative overview and analysis of the financial activities of the Township for the fiscal year ended March 31, 2007.

### Financial Highlights

- The assets of the Township exceeded its liabilities at the close of the most recent fiscal year by \$1,044,565 (*net assets*). Of this amount, \$537,262 (*unrestricted net assets*) may be used to meet the Township's ongoing obligations
- The Township's total net assets increased by \$26,732.
- As of the close of the current fiscal year, the Township's general fund, reported an ending fund balance of \$347,250, a decrease of \$33,957 in comparison with the prior year.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$347,250 or 107% percent of total general fund expenditures.

### Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Township's basic financial statements. The Township's basic financial statements consist of three components: 1) Government-wide financial statements, 2) Fund financial statements, and 3) Notes to the financial statements. This report also contains other supplemental information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The *Government-wide financial statements* are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the Township's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating.

The *statement of activities* presents information showing how the Township's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the Government-wide financial statements present functions of the Township that are principally supported by taxes and intergovernmental revenues (*governmental activities*). The governmental activities of the Township include general government, public safety, public works, culture and recreation, and other. The Township does not have any business-type activities as of and for the year ended March 31, 2007.

The Government-wide financial statements can be found on pages 9-10 of this report.

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Township can be divided into two categories: governmental funds and fiduciary funds.

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the Government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a Township's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the Government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Township maintains three governmental funds. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General, and Road & Public Improvement Funds.

The Township adopts an annual appropriated budget for its governmental funds. Budgetary comparison statements or schedules have been provided for the governmental funds herein to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 11-12 of this report.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the Township. Fiduciary funds are *not* reflected in the Government-wide financial statements because the resources of those funds are *not* available to support the Township's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on page 13 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 14-22 of this report.

### **Government-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Township, assets exceeded its liabilities by \$1,044,565 at the close of the most recent fiscal year.

A portion of the Township's net assets (49%) reflects its investment in capital assets (e.g., land, land improvements, buildings, equipment, and infrastructure); less any related debt used to acquire those assets that is still outstanding. The Township uses these capital assets to provide services to the community; consequently, these assets are *not* available for future spending.

### **Township's Net Assets**

	<b>Governmental</b>	<b>Activities</b>
	<b>March 31,</b>	<b>March 31,</b>
	<b>2007</b>	<b>2006</b>
Current and Other Assets	537,262	510,213
Capital Assets, Net	<u>563,683</u>	<u>579,389</u>
Total Assets	<u>1,100,945</u>	<u>1,089,602</u>
Current Liabilities	-0-	-0-
Long Term Liabilities	<u>56,380</u>	<u>71,769</u>
Total Liabilities	<u>56,380</u>	<u>71,769</u>
Net Assets:		
Invested in Capital Assets,		
Net of Related Debt	507,303	507,620
Unrestricted	<u>537,262</u>	<u>510,213</u>
<b>Total Net Assets</b>	<b><u>1,044,565</u></b>	<b><u>1,017,833</u></b>



The Township's net assets increased by \$26,732 during the current fiscal year. Unrestricted net assets—the part of net assets that can be used to finance day to day operations, increased by \$27,049 or 5%, during fiscal year 2007.

### Township's Changes in Net Assets

	<u>Governmental</u> <u>March 31,</u> <u>2007</u>	<u>Activities</u> <u>March 31,</u> <u>2006</u>
<b>Revenue:</b>		
Program Revenue:		
Charges for services	55,221	44,005
Operating Grants and Contributions	2,153	2,328
General Revenue:		
Property Taxes	127,222	125,320
State-Shared Revenues	139,761	144,926
Interest and Investment Earnings	20,343	16,634
Other	<u>6,216</u>	<u>8,307</u>
<b>Total Revenue</b>	<b>350,916</b>	<b>341,520</b>
<b>Expenses:</b>		
General Government	211,446	162,250
Public Safety	43,215	53,206
Public Works	35,899	38,013
Community/Economic Development	4,579	5,747
Recreation and Culture	26,130	24,776
Other	-0-	-0-
Interest on long term debt	<u>2,915</u>	<u>3,540</u>
<b>Total Expenses</b>	<b><u>324,184</u></b>	<b><u>287,532</u></b>
<b>Increase in Net Assets</b>	<b>26,732</b>	<b>53,988</b>
Net Assets, Beginning of Year	<u>1,017,833</u>	<u>963,845</u>
<b>Net Assets, End of Year</b>	<b><u>1,044,565</u></b>	<b><u>1,017,833</u></b>

**Governmental activities.** The Township's total governmental revenues increased by \$9,396 from last fiscal year. This was primarily attributed to an increase in Charges for Services, Property Taxes, and Interest Earnings. Expenses increased by \$36,652. The increase was primarily due to increased assessing expense.

### Financial Analysis of the Government's Funds

As noted earlier, the Township uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

As of the end of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$535,948, an increase of \$27,674 in comparison with the prior year. The *undesignated fund balance*, which is available for spending at the Township's discretion, constitutes 100% of this total amount or \$535,948.

The primary governmental fund is the General Fund of the Township. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 107% and total fund balance represents 107% of total general fund expenditures.

The fund balance of the General Fund decreased by \$33,957 during the current fiscal year.

The Road Fund levied .9305 mills of property tax. The property tax generated \$54,289 of revenue for the year ended March 31, 2007. The fund balance of the Road fund increased by \$61,255 during the current fiscal year.

### **Governmental Funds Budgetary Highlights**

The Township's budgets are prepared in accordance with Michigan Law. The budgeted funds are the General, Road and Public Improvement Funds. The General Fund budget was amended during the year.

### **Capital Asset and Debt Administration**

**Capital assets.** The Township's investment in capital assets for its governmental activities as of March 31, 2007, amounted to \$579,389 (net of accumulated depreciation). Investment in capital assets includes land, land improvements, buildings, equipment, park improvements, transfer site improvements, vehicles, and infrastructure. Additions totaled \$8,049 for the fiscal year.

#### **Township's Capital Assets** (net of depreciation)

	<b>March 31 2007</b>	<b>March 31 2006</b>
Land	36,255	36,255
Land Improvements	14,873	11,491
Buildings	110,804	104,951
Equipment	67,308	66,592
Park Improvements	83,370	91,507
Transfer Site Improvements	897	966
Vehicles	159,910	172,251
Infrastructure	<u>90,266</u>	<u>95,376</u>
<b>Total</b>	<b><u>563,683</u></b>	<b><u>579,389</u></b>

Additional information on the Township's capital assets can be found in note 5 on page 20 of this report.

The Township has two items, both installment loans, of long term debt. One installment loan payable to First Bank for the purchase of a fire truck. The original amount borrowed was \$40,500 requiring monthly payments of \$742 that commenced on June 6, 2003 and conclude on May 5, 2008. Another installment loan is payable to USDA – Rural Development. The original amount borrowed was \$108,000 for the purchase of a fire truck. Principal is paid annually and interest is paid semi-annually in varying amounts. These payments will conclude on June 10, 2012. The outstanding balance due on both of these loans as of March 31, 2007 is \$56,380. Additional information on the Township's debt can be found in Note 9 on page 22 of this document.

### **Factors Bearing on the Township's Future**

The following factors were considered in preparing the Township's budget for the 2007-2008 fiscal year:

- The State of Michigan has made significant reductions in their operating budgets due to a downturn in the economy. The Township received a slight decrease in State Shared Revenues this year compared to the prior fiscal year. The Township anticipates an increase in property taxes and a decrease in capital outlay expenditures. Our budgets were prepared with these factors in mind and will need to be revised as needed.

### **Requests for Information**

This financial report is designed to provide a general overview of the Township's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Comins Township  
P.O. Box 190  
Fairview, Michigan 48621

## **Basic Financial Statements**

Comins Township  
Statement of Net Assets  
March 31, 2007

	<u>Governmental Activities</u>
<b>Assets</b>	
Cash and cash equivalents (Note 3)	\$ 484,578
Receivables: (Note 4)	
Other	1,149
Property taxes	1,459
Intergovernmental	40,855
Due from Fiduciary Fund	9,221
Capital assets-net (Note 5)	<u>563,683</u>
 Total assets	 <u>1,100,945</u>
 <b>Liabilities</b>	
Current Liabilities:	
Accounts payable	-
Noncurrent liabilities (Note 9):	
Due within one year	15,705
Due in more than one year	<u>40,675</u>
 Total liabilities	 <u>56,380</u>
 <b>Net Assets</b>	
Invested in capital assets, net of related debt	507,303
Unrestricted	<u>537,262</u>
 Total net assets	 \$ <u><u>1,044,565</u></u>

See accompanying notes to financial statements.

Comins Township  
Statement of Activities  
Year Ended March 31, 2007

Functions/Programs	Expenses	Program Revenues		Governmental Activities
		Charges for Services	Operating Grants	Net (Expense) Revenue and Changes in Net Assets
Governmental Activities				
General government	\$ 211,446	\$ 20,374	\$ -	\$ (191,072)
Public safety	43,215	12,801	-	(30,414)
Public works	35,899	20,281	2,153	(13,465)
Community/econ. dev.	4,579	1,765	-	(2,814)
Recreation and culture	26,130	-	-	(26,130)
Other	-	-	-	-
Interest on long term debt	2,915	-	-	(2,915)
Total governmental activities	<u>\$ 324,184</u>	<u>\$ 55,221</u>	<u>\$ 2,153</u>	<u>(266,810)</u>
<b>General Revenues:</b>				
Property taxes - operating				73,296
Property taxes - road				53,926
State-shared revenues				139,761
Interest and investment earnings				20,343
Other				6,216
Total general revenues				<u>293,542</u>
<b>Change in Net Assets</b>				<u>26,732</u>
<b>Net assets</b> - beginning of year				<u>1,017,833</u>
<b>Net assets</b> - end of year				<u>\$ 1,044,565</u>

**Amounts reported for governmental activities are different because:**

<b>Net Change in Fund Balances - Total Governmental Funds</b>	\$ 27,674
Government funds report capital outlays as expenditures; in the statement of activities these costs are allocated over their estimated useful lives as depreciation.	
Depreciation expense	\$ (39,407)
Capital outlay	<u>23,702</u>
	(15,705)
Revenues reported in the statement of activities that do not provide current financial resources and are not reported as revenue in the governmental funds - increase (decrease) from prior year	(628)
Repayments of installment loan payable principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long term debt)	<u>15,391</u>
<b>Change in Net Assets of Governmental Activities</b>	<u>\$ 26,732</u>

See accompanying notes to financial statements.

Comins Township  
Governmental Funds  
Balance Sheet  
March 31, 2007

	General Fund	Road Fund	Nonmajor Public Improvement Fund	Total Governmental Funds
<b>Assets</b>				
Cash and cash equivalents	\$ 304,086	\$ 170,547	\$ 9,945	\$ 484,578
Accounts receivable	1,149	-	-	1,149
Property taxes receivable	737	722	-	1,459
Due from other funds	9,329	1,741	-	11,070
Due from other governmental units	32,581	8,274	-	40,855
Total assets	<u>\$ 347,882</u>	<u>\$ 181,284</u>	<u>\$ 9,945</u>	<u>\$ 539,111</u>
<b>Liabilities</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	1,849	-	1,849
Due to other governments	-	-	-	-
Deferred revenue	632	682	-	1,314
Total liabilities	<u>632</u>	<u>2,531</u>	<u>-</u>	<u>3,163</u>
<b>Fund balances</b>				
Unreserved:				
Undesignated:				
General Fund	347,250	-	-	347,250
Road Fund	-	178,753	-	178,753
Public Improvement Fund	-	-	9,945	9,945
Total fund balances	<u>347,250</u>	<u>178,753</u>	<u>9,945</u>	<u>535,948</u>
Total liabilities and fund balances	<u>\$ 347,882</u>	<u>\$ 181,284</u>	<u>\$ 9,945</u>	<u>\$ 539,111</u>

**Amounts reported for governmental activities in the statement of net assets are different because:**

<b>Fund Balances - Total Governmental Funds</b>	\$ 535,948
Elimination of due to and due from governmental funds	
Due to	1,849
Due from	(1,849)
Capital assets used in governmental activities are not financial financial resources, and are not reported in the governmental funds.	
The cost of capital assets is	954,351
Accumulated depreciation is	(390,668)
Long term liabilities are not due and payable in the current period and are not reported in the governmental funds	
Installment loans	(56,380)
Other long term assets are not available to pay current period expenditures therefore deferred in fund governmental funds	1,314
<b>Net Assets of Governmental Activities</b>	<u>\$ 1,044,565</u>

See accompanying notes to financial statements.

Comins Township  
Governmental Funds  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Year Ended March 31, 2007

	General Fund	Road Fund	Nonmajor Public Improvement Fund	Total Governmental Funds
<b>Revenues</b>				
Taxes and fees	\$ 73,635	\$ 54,215	\$ -	\$ 127,850
Licenses and permits	2,914	-	-	2,914
Federal grants	-	2,153	-	2,153
State grants	139,761	-	-	139,761
Intergovernmental	12,801	-	-	12,801
Charges for services	37,736	-	-	37,736
Interest and rentals	16,850	4,887	376	22,113
Other revenue	6,216	-	-	6,216
Total revenues	<u>289,913</u>	<u>61,255</u>	<u>376</u>	<u>351,544</u>
<b>Expenditures</b>				
Current:				
General government	205,644	-	-	205,644
Public safety	22,857	-	-	22,857
Public works	30,789	-	-	30,789
Community/economic development	4,579	-	-	4,579
Recreation and culture	17,993	-	-	17,993
Other	-	-	-	-
Capital outlay	23,702	-	-	23,702
Debt service	18,306	-	-	18,306
Total expenditures	<u>323,870</u>	<u>-</u>	<u>-</u>	<u>323,870</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	(33,957)	61,255	376	27,674
<b>Other Financing Sources (Uses)</b>				
Operating transfers in	-	-	-	-
Operating transfers (out)	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>	(33,957)	61,255	376	27,674
<b>Fund balance - April 1, 2006</b>	<u>381,207</u>	<u>117,498</u>	<u>9,569</u>	<u>508,274</u>
<b>Fund balance - March 31, 2007</b>	<u>\$ 347,250</u>	<u>\$ 178,753</u>	<u>\$ 9,945</u>	<u>\$ 535,948</u>

See accompanying notes to financial statements.



Comins Township  
Fiduciary Funds  
Statement of Net Assets  
March 31, 2007

	Agency Fund Type (Property Tax Collection Fund)
<b>Assets</b>	
Cash	\$ 47,230
Due from other funds	<u>-</u>
Total assets	<u><u>\$ 47,230</u></u>
<b>Liabilities</b>	
Due to other funds	\$ 9,221
Due to other governments	<u>38,009</u>
Total liabilities	<u>47,230</u>
<b>Net Assets</b>	<u><u>\$ -</u></u>

See accompanying notes to financial statements.

Comins Township  
Notes to Financial Statements  
March 31, 2007

**Note 1 - Summary of Significant Accounting Policies**

The accounting policies of Comins Township ("the Township") conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the more significant policies used by the Township:

**Reporting Entity**

The Township is governed by an elected five member Township Board. The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board (GASB) for determining the various governmental organizations to be included in the reporting entity. These criteria include significant operational financial relationships that determine which of the governmental organizations are a part of the Township's reporting entity, and which organizations are legally separate, component units of the Township. Based on the application criteria, the Township does not contain any component units.

**Government-wide and Fund Financial Statements**

The Government-side financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the Township. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. All the Township's government-wide activities are considered governmental activities. The Township does not have any business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenue includes (1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a certain function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**Note 1 - Summary of Significant Accounting Policies (Continued)**

Government fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and severance pay, are recorded only when payment is due.

Property taxes, state-shared revenue and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when the cash is received by the Township.

The Township reports the following major governmental funds:

The General Fund is the Township's primary operating fund. It accounts for all financial resources of the Township, except those required to be accounted for in another fund.

The Road Fund is used to record property tax revenue, Federal and State grants restricted for providing improvements to and maintenance to the roads.

Additionally, the Township reports the following funds:

The Tax Collection Fund accounts for property taxes collected and disbursed to other taxing authorities by the Township as required by law.

The Public Improvement Fund accounts for funds set aside by the Board for future purchases of capital assets.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenue include: (1) charges to customers for goods, services or privileges provided and (2) operating grants and contributions. General revenue includes all taxes.

**Assets, Liabilities, and Net Assets or Equity**

**Bank Deposits and Investments** - Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Comins Township  
Notes to Financial Statements  
March 31, 2007

**Note 1 - Summary of Significant Accounting Policies (Continued)**

**Receivables and Payables** - In general, outstanding balances between funds are reported as "due to/from other funds." Activity between fund that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "advances to/from other funds."

All trade and property tax receivables are shown net of an allowance for uncollectible amounts. The taxpayers of the Township have their properties assessed as of December 31 and the related property taxes are levied and become a lien on December 1 for 100% of the taxes which are due February 28. The 2006 taxable value of the Township was \$58,344,074. The 2006 tax levy was .8348 mills for general operations raising \$48,704 for general operating purposes and .9305 mills for roads raising \$54,289 for road purposes.

**Capital Assets** - Capital assets, which include land, buildings, equipment, and infrastructure assets (e.g., amounts paid to the Road Commission for the intangible right to use the roads), are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of the donation. Infrastructure assets acquired prior to implementation of GASB 34 are not included in the financial statements.

Buildings, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

Infrastructure	20 years
Land Improvements	20 years
Buildings and additions	20-50 years
Equipment	5-20 years

**Compensated Absences** - There is no liability for compensated absences reported in the government wide financial statements since no township employees are provided with sick or vacation pay benefits.

**Fund Equity** - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriating or are legally restricted by outside parties for use for a specific purpose. The Township did not have a reserved fund balance at March 31, 2007. Designations of fund balance represent tentative management plans that are subject to change. The Township did not have a designated fund balance at March 31, 2007.

Comins Township  
Notes to Financial Statements  
March 31, 2007

**Note 1 - Summary of Significant Accounting Policies (Continued)**

Comparative Data/Reclassifications - Comparative data is not included in the Township's financial statements.

Budgetary Information - Annual budgets are adopted on a basis consistent with generally accepted account principles and state laws for the general and special revenue funds. All annual appropriations lapse at fiscal year end.

The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body (i.e., the level at which expenditures may not legally exceed appropriations) is the function level. State law requires the Township adopt its budgets by April 1. Expenditures in excess of amounts budgeted is a violation of Michigan Law. State law permits Townships to amend its budget during the year.

Encumbrances are not liabilities and, therefore, are not recorded as expenditures until the receipt of materials or services. For budgetary purposes, appropriations lapse at fiscal year end and outstanding encumbrances are reappropriated in the next year.

**Note 2 - Stewardship, Compliance and Accountability**

**Excess of expenditures over appropriations in budgeted funds:**

The Township incurred expenditures in excess of amounts budgeted during the year ended March 31, 2007 as follows:

<u>Fund and Function</u>	<u>Appropriation</u>	<u>Expenditure</u>	<u>Variance</u>
General:			
Debt Service	\$ 17,808	\$ 18,306	\$ 498

Comins Township  
Notes to Financial Statements  
March 31, 2007

**Note 3 - Deposits and Investments**

Michigan Compiled Laws, Section 129.91 authorizes the Township to make deposits and investments in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The Township is also allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The Township Board has designated one bank for the deposit of Township funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investments in accordance with State statutory authority as listed above.

Comins Township's deposits and investment policy are in accordance with statutory authority.

Comins Township has not adopted an investment policy that conforms with Governmental Accounting Standards Board (GASB) statement #40.

At year-end, Comins Township's deposits and investments were reported in the basic financial statements (in addition to a General Fund petty cash fund of \$50) in the following categories:

	Governmental Activities	Fiduciary Funds	Township Total
Cash and cash equivalents	\$ 484,528	\$ 47,230	\$ 531,758
Investments	-	-	-
Total	<u>\$ 484,528</u>	<u>\$ 47,230</u>	<u>\$ 531,758</u>

The breakdown between deposits and investments for the Township is as follows:

Deposits (checking and savings)	\$ 531,758
Investments	-
	<u>\$ 531,758</u>

The deposits of the Township were reflected in the accounts of one financial institution, of which \$3,294 is covered by federal depository insurance.

Comins Township  
Notes to Financial Statements  
March 31, 2007

**Note 4 - Receivables**

Receivables as of year-end for the Township's major funds, non-major funds and fiduciary funds in the aggregate, including applicable allowances of uncollectible accounts, are as follows:

	General Fund	Road Fund	Public Improvement Fund	Tax Coll. Fund	Total
Receivables:					
Other	\$ 1,149	\$ -	\$ -	\$ -	\$ 1,149
Property taxes	737	722	-	-	1,459
Intergovernmental	32,581	8,274	-	-	40,855
	<u>\$ 34,467</u>	<u>\$ 8,996</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 43,463</u>

Governmental funds report deferred revenue in connection with receivables for revenue that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the Township had deferred revenue for property taxes in the General Fund in the amount of \$632 and in the Road Fund of \$682.

Comins Township  
Notes to Financial Statements  
March 31, 2007

**Note 5 - Capital Assets**

Capital assets activity of the Township's Governmental activities were as follows:

	Balance April 1, 2006	Additions	Deletions	Balance March 31, 2007
Capital assets not being depreciated:				
Land	\$ 36,255	\$ -	\$ -	\$ 36,255
Capital assets being depreciated:				
Land improvements	28,071	4,236	-	32,307
Buildings	116,889	10,198	-	127,087
Equipment	21,018	9,267	-	30,285
Park improvements	250,075	-	-	250,075
Transfer site improvements	1,380	-	-	1,380
Buildings - fire department	37,392	-	-	37,392
Equipment - fire department	88,557	-	-	88,557
Vehicles - fire department	248,825	-	-	248,825
Infrastructure - roads	102,188	-	-	102,188
Subtotal	<u>894,395</u>	<u>23,701</u>	<u>-</u>	<u>918,096</u>
Accumulated Depreciation				
Land improvements	16,580	854	-	17,434
Buildings	33,033	3,487	-	36,520
Equipment	15,463	1,392	-	16,855
Park improvements	158,568	8,137	-	166,705
Transfer site improvements	414	69	-	483
Buildings - fire department	16,297	858	-	17,155
Equipment - fire department	27,520	7,159	-	34,679
Vehicles - fire department	76,574	12,341	-	88,915
Infrastructure - roads	6,812	5,110	-	11,922
Subtotal	<u>351,261</u>	<u>39,407</u>	<u>-</u>	<u>390,668</u>
Net capital assets being depreciated	<u>543,134</u>	<u>(15,706)</u>	<u>-</u>	<u>527,428</u>
Governmental Activities				
Total Capital Assets net of Depreciation	<u>\$ 579,389</u>	<u>\$ (15,706)</u>	<u>\$ -</u>	<u>\$ 563,683</u>

Depreciation expense was charged to programs of the primary government as follows:

Governmental activities:	
General government	\$ 5,802
Public safety	20,358
Public works	5,110
Culture and recreation	8,137
Total governmental activities	<u>\$ 39,407</u>



Comins Township  
Notes to Financial Statements  
March 31, 2007

**Note 6 - Receivables, Payables and Transfers**

The composition of interfund balances is as follows:

<u>Receivable Fund</u>		<u>Payable Fund</u>		<u>Amount</u>
General Fund	\$ 9,329	Fiduciary Fund	\$	9,221
Road Fund	1,741	Road Fund		1,849
Total		Total		\$ 11,070
<u>Transfers In</u>		<u>Transfers Out</u>		
None	\$ -	None	\$	-

**Note 7 - Risk Management**

Comins Township is exposed to various risks of loss related to theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by insurance purchased from independent insurance companies. Settled claims from these risks have not exceeded insurance coverage for the last three years.

**Note 8 - Pension Plan**

The Township has a defined contribution retirement plan that covers all employees who earn in excess of \$450 per year. The plan is a Simplified Employee Pension (SEP) plan that is administered by First Bank. The Township may contribute up to 25% of the employee's earnings. The plan does not allow employees to make contributions. The Township's contributions are vested upon payment to the plan.

A defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive. Under a defined contribution pension plan, the benefits a participant will receive depend solely on the amount contributed to the participant's account, the returns earned on investments of those contributions, and forfeitures of other participant's benefits that may be allocated to such participant's account.

The Township's total payroll for the year ended March 31, 2007 was approximately \$105,065. The Township's contribution of 20% to the plan was computed on 2005 calendar year eligible wages of \$99,015. The Township deposited the required amount of \$19,803.

No pension provision changes occurred during the year that affected the required contributions to be made by the Township. The plan held no securities of the Township or other related parties during the year or at the close of the fiscal year.

Comins Township  
Notes to Financial Statements  
March 31, 2007

**Note 9 - Long Term Debt**

The general obligation long term debt consists of the following items:

<u>DESCRIPTION</u>	<u>PURPOSE</u>		<u>INTEREST RATE</u>	<u>BALANCE DUE 3/31/06</u>
Installment loan payable to USDA - Rural Development	Purchase of new fire truck	Original amount - \$108,000 Principal and interest due June 10th, interest due December 10th. Principal payments range from \$6,000 to \$10,000. Annual payments range from \$8,190 to \$9,596.	4.75%	\$ 47,000
Installment loan payable to First Bank	Purchase of used fire truck and new tank	Original amount - \$40,500 Monthly payments of \$742 commencing June 6, 2003 and concluding May 5, 2008	3.75%	9,380
				<u>\$ 56,380</u>

Changes in long term debt during the year ended March 31, 2007 are as follows:

Installment loans payable - April 1, 2006	\$ 71,771
New borrowing	-
Principal paid	(15,391)
Installment loans payable - March 31, 2007	<u>\$ 56,380</u>

Total payments due in future years are shown below:

<u>Year Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
March 31, 2008	\$ 15,705	\$ 2,269	\$ 17,974
March 31, 2009	7,675	1,736	9,411
March 31, 2010	8,000	1,378	9,378
March 31, 2011	8,000	997	8,997
March 31, 2012	9,000	594	9,594
March 31, 2013	<u>8,000</u>	<u>190</u>	<u>8,190</u>
Totals	<u>\$ 56,380</u>	<u>\$ 7,164</u>	<u>\$ 63,544</u>

## **Required Supplemental Information**

Comins Township  
Budgetary Comparison Schedule - General Fund  
Year Ended March 31, 2007

	Budgeted Amounts		Actual	Variance with
	3/31/06	3/31/06	Amounts	Final Budget
	Original	Final	Budgetary	Over (Under)
			Basis	
<b>Fund Balance - Beginning of year</b>	\$ 371,013	\$ 371,013	\$ 381,207	\$ 10,194
<b>Resources (Inflows)</b>				
Taxes and fees	65,849	69,340	73,635	4,295
Licenses and permits	3,600	4,300	2,914	(1,386)
State grants	140,000	142,000	139,761	(2,239)
Intergovernmental	17,000	11,398	12,801	1,403
Charges for services	33,630	35,530	37,736	2,206
Interest and rentals	6,500	13,000	16,850	3,850
Other	4,500	11,000	6,216	(4,784)
Amounts available for appropriation	<u>642,092</u>	<u>657,581</u>	<u>671,120</u>	<u>13,539</u>
<b>Charges to Appropriations (Outflows)</b>				
General government	150,394	227,410	205,644	(21,766)
Public safety	28,250	29,583	22,857	(6,726)
Public works	34,701	35,676	30,789	(4,887)
Community/economic development	5,650	6,591	4,579	(2,012)
Recreation and culture	18,150	18,240	17,993	(247)
Other	19,150	-	-	-
Capital outlay	13,900	27,430	23,702	(3,728)
Debt service	17,808	17,808	18,306	498
Total charges to appropriations	<u>288,003</u>	<u>362,738</u>	<u>323,870</u>	<u>(38,868)</u>
<b>Other Financing Sources (Uses)</b>				
Operating transfers in (out)	<u>(3,000)</u>	<u>(3,000)</u>	<u>-</u>	<u>3,000</u>
<b>Fund Balance - end of year</b>	<u>\$ 351,089</u>	<u>\$ 291,843</u>	<u>\$ 347,250</u>	<u>\$ 55,407</u>

Comins Township  
Budgetary Comparison Schedule - Road Fund  
Year Ended March 31, 2007

	<u>Budgeted Amounts</u>		Actual	Variance with
	<u>3/31/06</u>	<u>3/31/06</u>	Amounts	Final Budget
	<u>Original</u>	<u>Final</u>	Budgetary	Over (Under)
<b>Fund Balance</b> - Beginning of year	\$ 101,713	\$ 101,713	\$ 117,498	\$ 15,785
<b>Resources (Inflows)</b>				
Taxes and fees	49,000	49,000	54,215	5,215
Federal grants	2,000	2,000	2,153	153
State grants	-	-	-	-
Interest and rentals	1,500	1,500	4,887	3,387
Other	-	-	-	-
Amounts available for appropriation	<u>154,213</u>	<u>154,213</u>	<u>178,753</u>	<u>24,540</u>
<b>Charges to Appropriations (Outflows)</b>				
Public works	7,000	7,000	-	(7,000)
Capital outlay	-	-	-	-
Total charges to appropriations	<u>7,000</u>	<u>7,000</u>	<u>-</u>	<u>(7,000)</u>
<b>Other Financing Sources (Uses)</b>				
Operating transfers	<u>3,000</u>	<u>3,000</u>	<u>-</u>	<u>(3,000)</u>
<b>Fund Balance</b> - end of year	<u>\$ 150,213</u>	<u>\$ 150,213</u>	<u>\$ 178,753</u>	<u>\$ 28,540</u>

## **Supplemental Information**

Comins Township  
General Fund  
Detail of Revenues - Budget and Actual  
Year Ended March 31, 2007

	BUDGET AS AMENDED	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
TAXES:			
Property taxes	\$ -	\$ 48,640	\$ -
Property tax administration fee	-	24,923	-
Property tax penalties	-	72	-
Total Taxes	<u>69,340</u>	<u>73,635</u>	<u>4,295</u>
LICENSES AND PERMITS:			
Franchise fees	-	1,149	-
Zoning permits	-	1,765	-
Total Licenses and Permits	<u>4,300</u>	<u>2,914</u>	<u>(1,386)</u>
STATE GRANTS:			
Payments in lieu	-	1,849	-
Other grants	-	698	-
State shared revenues	-	137,214	-
Total State Grants	<u>142,000</u>	<u>139,761</u>	<u>(2,239)</u>
INTERGOVERNMENTAL			
Fire protection - Clinton Township	-	12,801	-
Total Intergovernmental	<u>11,398</u>	<u>12,801</u>	<u>-</u>
CHARGES FOR SERVICES:			
Land split fees	-	275	-
Transfer site fees	-	20,140	-
Cemetery burials	-	5,700	-
Street Lights	-	141	-
Cemetery lots	-	11,330	-
Cemetery foundations	-	150	-
Total Charges for Services	<u>35,530</u>	<u>37,736</u>	<u>2,206</u>
INTEREST AND RENTALS:			
Interest	-	15,080	-
Hall rental	-	1,770	-
Total Interest and Rental	<u>13,000</u>	<u>16,850</u>	<u>3,850</u>
OTHER REVENUE			
Contributions	-	1,635	-
Miscellaneous and refunds	-	4,581	-
Total Other Revenue	<u>11,000</u>	<u>6,216</u>	<u>(4,784)</u>
TOTAL REVENUES	<u>\$ 286,568</u>	<u>\$ 289,913</u>	<u>\$ 1,942</u>

Comins Township  
General Fund  
Detail of Expenditures - Budget and Actual  
Year Ended March 31, 2007

	<u>BUDGET AS AMENDED</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
CURRENT			
GENERAL GOVERNMENT			
Legislative	\$ 34,920	\$ 33,397	\$ 1,523
Supervisor	26,397	26,154	243
Elections	3,599	3,530	69
Clerk	31,849	22,129	9,720
Pension	17,670	17,670	-
Board of Review	1,085	910	175
Treasurer	25,073	25,059	14
Assessor	28,568	25,612	2,956
Township Hall	8,370	7,585	785
Township Office	9,007	5,326	3,681
Cemetery	27,722	27,083	639
Unallocated (payroll taxes & insurance)	13,150	11,189	1,961
Total General Government	<u>227,410</u>	<u>205,644</u>	<u>21,766</u>
PUBLIC SAFETY			
Fire protection	<u>29,583</u>	<u>22,857</u>	<u>6,726</u>
PUBLIC WORKS			
Roads	8,000	7,016	984
Sidewalks and signs	200	119	81
Street lighting	6,785	6,235	550
Sanitation - transfer site	20,691	17,419	3,272
Total Public Works	<u>35,676</u>	<u>30,789</u>	<u>4,887</u>
COMMUNITY/ECONOMIC DEVELOPMENT			
Zoning	<u>6,591</u>	<u>4,579</u>	<u>2,012</u>
RECREATION AND CULTURE			
Parks	<u>18,240</u>	<u>17,993</u>	<u>247</u>
OTHER			
Contingency	<u>-</u>	<u>-</u>	<u>-</u>
Total Other	<u>-</u>	<u>-</u>	<u>-</u>
CAPITAL OUTLAY	<u>27,430</u>	<u>23,702</u>	<u>3,728</u>
DEBT SERVICE			
Principal	-	15,391	-
Interest	-	2,915	-
Total Debt Service	<u>17,808</u>	<u>18,306</u>	<u>(498)</u>
TOTAL EXPENDITURES	<u>\$ 362,738</u>	<u>\$ 323,870</u>	<u>\$ 38,868</u>



Comins Township  
Road Fund  
Statement of Revenues and Other Financing Sources, Expenditures and  
Changes in Fund Balance - Budget and Actual  
Year Ended March 31, 2007

	Budget as Amended	Actual	Variance Favorable (Unfavorable)
REVENUES			
Property Tax	\$ 49,000	\$ 54,215	\$ 5,215
Federal Grants	2,000	2,153	153
State Grants	-	-	-
Interest	<u>1,500</u>	<u>4,887</u>	<u>3,387</u>
Total Revenues	<u>52,500</u>	<u>61,255</u>	<u>8,755</u>
EXPENDITURES			
Public Works			
Roads	<u>7,000</u>	<u>-</u>	<u>7,000</u>
Total Expenditures	<u>7,000</u>	<u>-</u>	<u>7,000</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>45,500</u>	<u>61,255</u>	<u>15,755</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	3,000	-	(3,000)
Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>3,000</u>	<u>-</u>	<u>(3,000)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	48,500	61,255	12,755
FUND BALANCE - April 1	<u>101,713</u>	<u>117,498</u>	<u>15,785</u>
FUND BALANCE - March 31	\$ <u><u>150,213</u></u>	\$ <u><u>178,753</u></u>	\$ <u><u>28,540</u></u>

Comins Township  
Public Improvement Fund  
Statement of Revenues and Other Financing Sources, Expenditures and  
Changes in Fund Balance - Budget and Actual  
Year Ended March 31, 2007

	Budget as Amended	Actual	Variance Favorable (Unfavorable)
REVENUES			
Interest	\$ 400	\$ 376	\$ (24)
Total Revenues	400	376	(24)
EXPENDITURES			
Capital outlay	-	-	-
Total Expenditures	-	-	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	400	376	(24)
OTHER FINANCING SOURCES (USES)			
Transfers In	3,000	-	(3,000)
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	3,000	-	(3,000)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	3,400	376	(3,024)
FUND BALANCE - April 1	9,869	9,569	(300)
FUND BALANCE - March 31	\$ 13,269	\$ 9,945	\$ (3,324)

Comins Township  
Statement of Changes in Assets and Liabilities  
All Agency Funds  
March 31, 2007

Current Tax Collection Fund				
	Balance April 1, 2006	Additions	Deductions	Balance March 31, 2007
<b>Assets</b>				
Cash	\$ <u>89,239</u>	\$ <u>1,701,499</u>	\$ <u>1,743,508</u>	\$ <u>47,230</u>
<b>Liabilities</b>				
Due to other funds	\$ 12,868	\$ 113,149	\$ 116,796	\$ 9,221
Due to county	17,891	751,918	757,547	12,262
Due to schools	58,480	834,262	866,995	25,747
Due to State of MI	-	92	92	-
Refunds	<u>-</u>	<u>2,078</u>	<u>2,078</u>	<u>-</u>
Total liabilities	\$ <u>89,239</u>	\$ <u>1,701,499</u>	\$ <u>1,743,508</u>	\$ <u>47,230</u>

## **Appendice**



# ROBERTSON & CARPENTER CPAs, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

P.O. Box 308 • 109 E. Tenth St. • Mio, Michigan 48647

Phone (989) 826-5442 • Fax (989) 826-3038

Other office: Rose City, Michigan

Robert J. Carpenter, CPA  
Rodney C. Robertson, CPA

## REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Township Board  
Comins Township  
Fairview, MI 48621

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Comins, Oscoda County, Michigan, as of and for the year ended March 31, 2007, which comprise Comins Township's basic financial statements and have issued our report thereon dated August 21, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Comins Township's internal control over financial reporting as a basis for designing auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Comins Township's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the authority's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency described in the accompanying schedule of findings and responses to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that the significant deficiencies described above are not material weaknesses.

### **Compliance And Other Matters**

As part of obtaining reasonable assurance about whether Comins Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Comins Township's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. We did not audit Comins Township's response, and accordingly, we express no opinion on it.

This report is intended for the information and use of the Township Board, management and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Robertson & Carpenter CPAs, P.C.  
Certified Public Accountants  
Mio, Michigan  
August 21, 2007

Comins Township  
Schedule of Findings and Responses  
Year Ended March 31, 2007

**FINDING**

**Lack of adequate controls to produce full-disclosure GAAP basis financial statements.**

*Requirement:* All Michigan governmental units are required to prepare financial statements in accordance with generally accepted accounting principles (GAAP). This is a responsibility of the Township's management. The preparation of financial statements in accordance with GAAP requires internal controls over both (1) recording, processing, and summarizing accounting data, and (2) reporting government-wide and fund financial statements, including related footnotes.

*Condition:* The Township, as is common in smaller and medium sized entities, has historically relied on its independent external auditors to assist in the preparation of the government-wide financial statements and footnotes as part of its external financial reporting process. Accordingly, the Township's ability to prepare financial statements in accordance with GAAP is based, in part, on its reliance on its external auditors, who cannot by definition be considered part of the government's internal controls.

*Cause:* This condition is caused by the Township's decision that it is more cost effective to outsource the preparation of its annual financial statements to the auditors than to incur the time and expense of obtaining the necessary training and expertise required for the Township to perform this task internally.

*Effect:* The result of this condition is that the Township lacks internal controls over the preparation of financial statements in accordance with GAAP, and instead relies, in part, on its external auditors for assistance with this task.

**RESPONSE**

The Township has evaluated the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP, and determined that it is in the best interest of the Township to outsource this task to its external auditors, and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their content and presentation.

**FINDING**

**The general ledger for the various funds of the Township were not in balance.**

*Requirement:* The general ledger needs to be in balance for all funds.

*Condition:* The Township has been using a manual system of record keeping. Errors have been made when posting from the cash receipts and cash disbursements journal to the general ledger. This is a repeat condition from the prior year

*Cause:* Every time numbers are posted there is the potential for error. Checks of the totals posted have not been performed, thus the posting accuracy has not been verified.

*Effect:* The effect is that the general ledger is not in balance.

**RESPONSE**

The Township has purchased accounting software which is being used to generate journals and the general ledgers for all the funds of the Township. The Township is confident that the general ledger will be in balance for all funds beginning with the year ending March 31, 2008.